

VZCZCXRO6160
OO RUEHAG RUEHROV
DE RUEHBS #3799/01 3171154
ZNY EEEEE ZZH
O 131154Z NOV 06
FM AMEMBASSY BRUSSELS
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3576
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

UNCLAS E F T O SECTION 01 OF 03 BRUSSELS 003799

SIPDIS

NOFORN
SIPDIS

DOE FOR NNSA - DESMOND AND AOKI
TREASURY FOR OASIA - ATUKORALA
STATE FOR ISN/NESS, EB/OGE AND EUR/UBI

E.O. 12958: N/A
TAGS: [ENRG](#) [EINV](#) [EFIN](#) [SENV](#) [BE](#)
SUBJECT: BELGIAN NUCLEAR ENERGY REASSESSED

REF: A. BRUSSELS 2249
[1](#)B. BRUSSELS 2945

[1](#)1. (SBU) SUMMARY. Pressed by global energy concerns and climate change targets, Belgium is reassessing the country's use of nuclear energy and its future energy policy options. Although current law commits Belgium to decommissioning its nuclear-powered generating installations from 2015-2025, media, business and political circles are focusing attention on the costs and alternatives, and several studies point toward rethinking the decommissioning policy.

[1](#)2. (SBU) Comment: Belgium's challenge is to align political will with environmental, economic and financial realities. While Federal elections in May 2007 will impede reaching a definitive decision, the timeframe for considering alternatives before action must be taken to implement current law is fast shortening. The weakened economic liberal parties may not be up to the task of forging a consensus on electric power for the next 30 years. End Summary.

Revisiting Reality

[1](#)3. (SBU) Belgium is second only to France among EU countries in terms of its dependence on nuclear-sourced electric power. 55 percent of Electrabel's capacity comes from the seven nuclear generating plants in Belgium, and Electrabel supplies over 90 percent of the country's electricity. While nuclear power stations are less than 40 percent of installed generating capacity, their reliability and cost advantages permit them to cover over half the country's electricity demand. When Green parties were part of the governing coalition back in January 2003, the Federal Parliament passed legislation committing Belgium to backing out of nuclear power starting in 2015. Following the Federal election in the May 2003, the Greens were ousted from the coalition. However, the ruling liberal-socialist government has not pressed openly for reversing the policy, both because it is enshrined in a Royal Decree and to avoid losing support from the socialist parties in the coalition who have not favored nuclear energy.

[1](#)4. (U) Over the past year the future of nuclear power in Belgium has been the focus of numerous media articles, a Ministry of Economy study (not yet publicly released), and an independent public policy research study by the Jean Gol Center (which has ties to the liberal party). Intimations by federal and regional ministers of finance, economy and energy about the value that nuclear power offers Belgium have tested the waters of public opinion, but the federal government

itself has studiously avoided tackling the issue head-on. Recent publicity about climate change and the costs Belgium faces in trying to meet its Kyoto Protocol targets have pushed nuclear energy to the front pages. The widespread electricity blackout in Germany, France, and Belgium on November 4 further also prodded Belgians to reconsider the reliance on foreign suppliers for the Belgian grid that would only increase if the nuclear power option was foreclosed.

Security and Instability

15. (U) Overall, the new studies of Belgium,s energy sector indicate that, in terms of energy security, Belgium would be worse off by withdrawing from nuclear power. Belgium is already dependent on imports for 76 percent of its energy needs, more than France (50 percent) or Germany (62 percent).

Moving from nuclear to fossil fuel for generating electricity would increase dependency on imports. Importing gas from Norway and the UK for electricity generation would leave Belgium vulnerable to the coming drop in North Sea production; starting imports from Russia would add new vulnerability and put Belgium in competition with Germany and other users farther up the pipeline. Importing gas from Algeria and Libya (already marginal suppliers) would increase trade and political dependence on those countries. Domestic coal, a low-grade sulfurous product, is an available and secure energy source, but its practical use awaits real progress on clean coal technologies. While EU and US research to develop new clean energy technologies is progressing, whether such technology will be economically feasible by 2015 is uncertain.

16. (U) Environmentally, Belgium has little hope of meeting

BRUSSELS 00003799 002 OF 003

its Kyoto CO2 gas emissions targets if it switches from nuclear to fossil fuel generating plants. At present, Belgium is straining to reduce its CO2 emissions to 7.0 percent below its 1990 level. Gas-fueled alternatives might produce two to three times more emissions than those currently produced from electricity generation. Coal generation with current technology would be worse. Renewable technologies exist, but not cheap or plentiful enough to meet demand. Belgium,s few hydroelectric options are already fully exploited, and account for only 5 percent of electricity needs. Investments in wind power along the Belgian coast are underway, but are capital intensive, unpopular with local residents, and require fossil fuel back-up facilities. Bioethanol fuel can be created, although one energy expert confided to Econoff that this process actually consumed more energy to produce than it replaced in imported gasoline. Total renewable and alternative energy generation is projected to provide only 8 percent of total electric energy consumption by 2010) nothing that will compensate for losing over half of the national capacity if nuclear plants are shuttered. Flemish Minister of Environment Kris Peeters conceded recently that achieving Belgium,s Kyoto objectives would be inconceivable if the nuclear energy option were excluded.

17. (U) Economically, price stability is best assured by minimizing oil and gas imports. Belgian businesses pay electricity rates above those in France (11.16 cents/kilowatt hour versus 9.05), but lower than those in Germany (13.34). Belgian electricity rates have fallen by 5 percent since 2000, their relative stability versus other forms of energy has been due to the low level of imports needed to supply the national grid. Belgium,s Employers' Federation (FEB/VBO) and the local American Chamber of Commerce have listed high energy costs as a competitiveness concern for operating in Belgium. Greater uncertainty in Belgium,s electricity rates with the closure of nuclear plants would not enhance the Belgian investment climate.

EU Interest Evokes Enmity

18. (U) Despite the fact that the European Atomic Energy Community (EURATOM) was one of the founding institutions that motivated European countries to organize the supranational mechanisms that evolved into today's European Union, EU policy input regarding nuclear energy is slim. The demise of a European consensus in the 1980s about nuclear energy's desirability left the Commission little basis for action in the field. Nuclear energy policy is chiefly the domain of the member states, coordinated through international organizations such as the IAEA. EU policy initiatives regarding nuclear power have focused on safety and waste management issues. Nonetheless, the EU Greenpaper on Energy Supply, issued March 8, 2006, distinctly kept nuclear energy open as an option for those states that wished to pursue that technology.

The Only Option

19. (SBU) Having little guidance from the EU, Belgium has continued to pursue security of its electricity supply through nuclear power. Since establishing its first reactor and nuclear research center in 1955, Belgium has built and operated seven nuclear power reactors, and in 1986 developed the mixed-oxide reprocessing technology to produce fuel rods from plutonium dioxide and uranium dioxide. The nuclear industry directly employs over 6,000 Belgians, and another 35,000 work for Tractebel, the engineering firm allied with Electrabel. The contribution of the nuclear industry to Belgium's energy security and price stability in a nation devoid of most resources is significant. Belgium's Federal Planning Office foresees domestic electricity demand growing at the rate of 1.2 percent annually until 2030. The Gol Report observes that the planned decommissioning of all nuclear plants from 2015-2025 would create a gap in the nation's energy supply and significantly change Belgium's energy context. Greater dependence on imports of gas, oil or low-sulfur coal would be the natural result, with the attendant political risk. No one overtly advocates for nuclear power; it simply remains the only realistic option left.

110. (SBU) Belgian media report that replacing over 5800 megawatts of generating power starting in 2015 would entail

BRUSSELS 00003799 003 OF 003

20 billion euros of investment, depending on the type of generating plants to be constructed. The business sector and the Gol Report agree that creating the right mix of investment incentives, tariff policies, and regulations will be essential to assure the country enough power in the future through private sector investment. Revising the 2003 law on decommissioning has also been proposed by some; extending the useable life of existing nuclear plants to 50 or 60 years may be considered. A projection by the Federal Planning Office of Belgium claims new nuclear facilities would cost the economy 0.6 percent of GDP annually in 2030; with replacement gas turbine/cogeneration facilities, the cost to the economy would be 2.7 percent of GDP, and an added drawback of 38 percent higher CO2 emissions than Belgium emitted in 1990, the Kyoto baseline.

COMMENT

111. (SBU) While none of the reports come down squarely against present Belgian policy to phase out nuclear energy, in terms of political and economic sustainability (reliability and cost), environmental sustainability (reduced emissions), and social sustainability (affordability) they all clearly opt for including nuclear power generation in the future. Less than nine years remain before decommissioning of Belgium's nuclear capacity should start; the timeframe is tight for investment and construction of alternatives. The

challenge for Belgium,s leaders is to align political will with environmental, economic and financial realities. Federal elections in May 2007 will impede decisionmaking, as politicians will avoid this hot issue during their campaigns.

In general, Belgian socialist parties and green parties oppose nuclear power, while conservative Christian democratic parties (CD&V and CDH) back it. This leaves the politically troubled liberal parties (Flemish VLD and Francophone MR) in the balancing and coalition-building role, a difficult task for a weakened political team.

Korologos

.